

1 [Real Property Lease Extension - TJ-T, LLC - 234-238 Eddy Street - Permanent Supportive
2 Housing - \$1,013,913 Annual Base Rent]

3 **Resolution authorizing the Director of Property, on behalf of the Department of**
4 **Homelessness and Supportive Housing, to exercise a Lease Extension Option for**
5 **the real property located at 234-238 Eddy Street, with TJ-T, LLC for continued use of**
6 **104 units of Permanent Supportive Housing, for a ten year term to commence on**
7 **January 1, 2021, at the monthly base rent of \$84,492.72 for a total annual base rent of**
8 **\$1,013,913.**

9
10 WHEREAS, The City and County of San Francisco (“City”) entered into a ten year
11 year lease commencing on January 1, 2011, (“Lease”) with TJ-T, LLC (“Landlord”) for 104
12 units of permanent supportive housing, including restrooms, common areas, storage
13 facilities, ground floor commercial space, mezzanine, basement, and clinic (collectively, the
14 “Premises”), located in the building known as the Windsor Hotel at 234-238 Eddy Street;
15 and

16 WHEREAS, The Lease provides for two options, each extending the term of the
17 Lease for an additional ten years (each an “Extended Term”) on the same terms and
18 conditions, except an adjustment of monthly base rent for the first year of any Extended
19 Term to the greater of: (a) 51% of the most recent Governmental Rent Index for an
20 efficiency unit, multiplied by 104 units; or (b) 103% of current monthly rent, a copy of the
21 Lease is on file with the Clerk of the Board of Supervisors in File No. 00-0484; and

22 WHEREAS, Pursuant to that condition of the Lease, the base monthly base rent
23 under the upcoming Extended Term under the Government Rent Index calculation equals
24 \$112,656.96 per month, which is greater than 103% of the current monthly rent, or
25 \$69,523; and

1 WHEREAS, The Real Estate Division (“RED”), on behalf of the Department of
2 Homelessness and Supportive Housing (“HSH”), exercised its first Extended Term option,
3 and despite the prescriptive amount of \$112,656.96 per month, RED and Landlord agreed
4 to an initial base rent of \$84,492.72 per month, which is approximately thirty-three percent
5 (33%) less than the monthly base rent otherwise to be due, a copy of the rent calculation
6 worksheet and Landlord’s confirmation letter are on file with the Clerk of the Board of
7 Supervisors in File No. 201266; and

8 WHEREAS, All other terms and conditions of the Lease will continue in full force and
9 effect; now, therefore, be it

10 RESOLVED, That in accordance with the recommendation of the Director of HSH,
11 the Director of Property is hereby authorized to take all actions on behalf of the City to
12 exercise the ten year option to extend the term of the Lease, estimated to commence on
13 February 1, 2021; and, be it

14 FURTHER RESOLVED, That commencing upon the Extended Term, the monthly
15 base rent shall be \$84,492.72 increasing annually by Consumers Price Index between 3%
16 and 6%; and, be it

17 FURTHER RESOLVED, That any action taken by any City employee or official with
18 respect to the exercise of this extension is hereby ratified and affirmed; and be it

19 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
20 Property to take any actions in furtherance of the extension, if said action is, determined by
21 the Director of Property, in consultation with the City Attorney, in the best interest of the City,
22 does not increase the rent or otherwise materially increase the obligations or liabilities of the
23 City, necessary or advisable to effectuate the purposes of the Lease or this resolution, and in
24 compliance with all applicable laws, including the City's Charter.

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